

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO IMMEDIATE

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STADIS////////////////////////////////

E.O. 11652:NA

TAGS: EAGR

SUBJECT: 1975 MEAT IMPORT PROGRAM

REF: (A) MEXICO 2768 (NOTAL); (B) STATE 61201; (C) STATE
69362; (D) MEXICO 2141; (E) STATE 61619

1. DEPARTMENT APPRECIATES EMBASSY'S CONTINUED EFFORTS TO
OBTAIN FAVORABLE GOM RESPONSE TO PROPOSED EXPORT RESTRAINT
AGREEMENT. BECAUSE OF CONTINUING STRONG DOMESTIC PRESSURES
FOR IMPORT RESTRICTIONS AND GENERAL ECONOMIC CONDITIONS
IN U.S. LIVESTOCK INDUSTRY, IT IS OF GREATEST URGENCY
THAT 1975 MEAT IMPORT PROGRAM BE FINALIZED IN NEAR FUTURE.
CONGRESSIONAL CONSIDERATION OF EMERGENCY FARM BILL DUE TO
BEGIN AFTER RESUMPTION OF SESSION APRIL 7 (REF C).

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2. IN VIEW OF BRANDIN'S CONVERSATION WITH RABASA MONDAY NIGHT ON MEXICAN PARTICIPATION IN MEAT PROGRAM AND LATTER'S STATEMENT THAT DECISION ON MEXICAN PARTICIPATION IN MEAT PROGRAM WOULD BE COMMUNICATED TO EMBASSY WEDNESDAY, DEPARTMENT WISHES PROVIDE FOLLOWING CONTINGENCY TALKING POINTS FOR AMBASSADOR'S POSSIBLE USE SHOULD GOM RESPONSE BE NEGATIVE OR INDICATE FURTHER DELAY.

(A) CHANGE IN PROPOSED ALLOCATION FORMULA WHICH REDUCED

MEXICO'S RESTRAINT QUANTITY TO 58.4 MILLION POUNDS (FROM ORIGINAL PROPOSAL OF 62.8 MILLION POUNDS) WAS IN RESPONSE TO HEMISPHERE REQUESTS (AT SCCN AND BILATERAL) FOR SPECIAL CONSIDERATION IN 1975 PROGRAM, AND, IN PARTICULAR, TO THE DESIRE OF CENTRAL AMERICA FOR GREATER RECOGNITION OF EXPORT PERFORMANCE DURING 1974 WHEN HEMISPHERESHARE OF U.S. IMPORTS INCREASED SIGNIFICANTLY. AS INDICATED REF B, NEW PROPOSAL INCREASES HEMISPHERE SHAREFROM 20 UNDER 1972 PROGRAM, TO 22.

(B) REDUCTION IN MEXICAN ALLOCATION IS DUE TO DECREASED EXPORTS TO U.S. DURING BASE PERIODAND ACCORDS WITH PRESENT FACT THAT MEXICAN PRODUCERS NOT WILLING TO SUPPLY U.S. MARKET BECAUSE OF RELATIVELY UNATTRACTIVE PRICES. THE U.S. CALCULATED MEXICO'S AND OTHER COUNTRIES SHARES ON BASIS OF TRADE DURING REPRESENTATIVEBASE PERIOD, IN ACCORDANCE WITH GENERALLY-ACCEPTED PROCEDURES FOR NON-DISCRIMINATORY AND EQUITABLE TREATMENT(AS PRESCRIBED FOR EXAMPLE, IN THE GATT).

(C) PROPOSED ALLOCATION OF 58.4 MILLION POUNDS APPEARS TO BE SUBSTANTIALLY ABOVE AMOUNT MEXICO LIKELY TO SHIP THIS YEAR (REF D). IN U.S. VIEW IT WOULD BE MOST UNFORTUNATE IF MEXICO WITHHELD AGREEMENT ONOTHER THAN ECONOMIC GROUNDS AND THEREBY GAVE THE U.S. NO ALTERNATIVEBUT TO IMPOSE QUOTAS WHICH WOULD HAVE ADVERSE EFFECTS ON OTHER HEMISPHERE SUPPLIERS. (WHILE MEXICO'S QUOTA WOULDBE ONLY 4.6 MILLION POUNDS BELOW PROPOSED RESTRAINT LEVEL, SOME CENTRAL AMERICAN COUNTRIES WOULD BE CUT 40-50 BELOW THEIR EXPORT CAPACITIES.)
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(D) AS INDICATED PARA 2 REF E, U.S. POLICY IS TO CONTINUE IN FUTURE YEARS AS IN PAST TO MAINTAIN AS LIBERALMARKET ACCESS AS POSSIBLE, AND TO ADJUST COUNTRY SHARES AS NECESSARY, CONSISTENT WITH MAINTAINING ECONOMIC HELATH OF DOMESTIC LIVESTOCK INDUSTRY AS REQUIRED BY 1964 LAW. THUS, MEXICO CAN EXPECT TO HAVE CONTINUED ACCESS TO THE U.S. MARKET FOR MEAT, VERY LIKELY IN LINE WITH THE EVOLUTION

OF ITS EXPORT CAPACITY.

(E) U.S. HOPES ITS INABILITY TO AGREE TO MEXICAN REQUEST
EXCLUDE MEAT FROM U.S. CATTLE SLAUGHTERED IN MEXICO
(REF E) WILL BE UNDERSTOOD BY GOM AS DERIVING FROM CON-
FLICT OF LAW WHICH COULD BE REMEDIED ONLY BY CONGRESS-
IONAL ACTION.

(F) IN EVENT MEXICAN NON-AGREEMENT AND CONSEQUENT U.S.

IMPOSITION QUOTAS, U.S. WOULD FEEL OBLIGATED TO SEEK
SPECIAL MEETING OF SCCN OF OAS TO EXPLAIN U.S. POSITION
AND EXHAUSTIVE EFFORTS MADE TO ACHIEVE VOLUNTARY PROGRAM
FAVORABLE TO LATIN AMERICA.

3. REQUEST STADIS REPORT AS SOON AS GOM REPLY RECEIVED.
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